



**COUNTY OF LOS ANGELES
DEPARTMENT OF AUDITOR-CONTROLLER**

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July 17, 2009

TO: Supervisor Don Knabe, Chairman
Supervisor Gloria Molina
Supervisor Mark Ridley-Thomas
Supervisor Zev Yaroslavsky
Supervisor Michael D. Antonovich

FROM: Wendy L. Watanabe
Auditor-Controller

SUBJECT: **TOBINWORLD – A DEPARTMENT OF MENTAL HEALTH SERVICE PROVIDER**

We completed a program and fiscal contract compliance review of Tobinworld (Agency), a Department of Mental Health (DMH) service provider.

Background

DMH contracts with Tobinworld, a private non-profit community-based organization that provides services to clients in Service Planning Area 2. Services include interviewing program clients, assessing their mental health needs, and developing and implementing a treatment plan. The Agency's headquarters is located in the Fifth District.

Our review focused on approved Medi-Cal billings. DMH paid Tobinworld a provisional rate between \$1.69 and \$4.03 per minute of staff time (\$101.40 to \$241.80 per hour) for services. Tobinworld's contract was for \$998,000 for Fiscal Year 2007-08.

Purpose/Methodology

The purpose of our review was to determine whether Tobinworld complied with its contract terms and appropriately accounted for and spent DMH program funds providing the services outlined in their contract. We also evaluated the adequacy of the Agency's accounting records, internal controls and compliance with federal, State and County guidelines. In addition, we interviewed Agency staff.

Results of Review

Tobinworld staff assigned to the County contract possessed the required qualifications. In addition, the Agency maintained Progress Notes to support the services billed. However, the Agency did not always comply with other program and contract requirements. Specifically, the Agency:

- Did not complete the Client Care Plans in accordance with the County contract for four (20%) of 20 clients sampled. Specifically, the Client Care Plans did not contain observable and/or quantifiable goals.
- Did not appropriately allocate shared program expenditures. Specifically, we identified expenditures resulting in over billing the DMH program \$2,475.
- Over billed the DMH program \$1,074 for health and dental benefits in January 2008.

We have attached the details of our review along with recommendations for corrective actions.

Review of Report

We discussed the results of our review with Tobinworld and DMH. In their attached response, the Agency agreed with the findings and recommendations and indicated that they would provide DMH with a corrective action plan within 30 days.

We thank Tobinworld management for their cooperation and assistance during this review. Please call me if you have any questions or your staff may contact Don Chadwick at (213) 253-0301.

WLW:MMO:JET:DC:EB

Attachment

c: William T Fujioka, Chief Executive Officer
Dr. Marvin J. Southard, Director, Department of Mental Health
Tobinworld
Judy Weber, President & Executive Director
Janet Tashman, Chairwoman of the Board
Marilyn Ryack, Board Director
Iris Goldstein, Secretary/Treasurer
Public Information Office
Audit Committee

**CONTRACT COMPLIANCE REVIEW
TOBINWORLD
FISCAL YEAR 2007-08**

BILLED SERVICES

Objective

Determine whether Tobinworld (Agency) provided the services billed in accordance with their contract with the Department of Mental Health (DMH).

Verification

We judgmentally selected 40 billings totaling 4,546 minutes from 65,534 service minutes of approved Medi-Cal billings from February and March 2008. We reviewed the Assessments, Client Care Plans and Progress Notes maintained in the clients' charts for the selected billings. The 4,546 minutes represent services provided to 20 program participants.

Results

Tobinworld maintained documentation to support the billed service minutes. In addition, the Agency completed Assessments and Progress Notes in compliance with the County contract. However, the Agency did not always complete Client Care Plans in accordance with the County contract. Specifically, for four (20%) of 20 clients sampled, the Client Care Plans did not contain observable and/or quantifiable goals. The Client Care Plan establishes goals and interventions to address the mental health issues identified in the client's Assessment.

Recommendation

1. **Tobinworld management ensure that Client Care Plans are completed in accordance with the County contract.**

STAFFING LEVELS

Objective

Determine whether the Agency maintained the appropriate staffing ratios for applicable services.

We did not perform test work in this section as the Agency does not provide services that require compliance with staffing ratios.

Recommendation

None.

STAFFING QUALIFICATIONS**Objective**

Determine whether Tobinworld's treatment staff possessed the required qualifications to provide the services.

Verification

We reviewed the California Board of Behavioral Sciences' website and/or the personnel files for 8 of the 12 Tobinworld treatment staff who provided services to DMH clients during February and March 2008.

Results

Each employee in our sample possessed the qualifications required to deliver the services billed.

Recommendation

None.

CASH/REVENUE**Objective**

Determine whether cash receipts and revenue were properly recorded in the Agency's financial records and deposited timely in their bank account. In addition, determine whether the Agency maintained adequate controls over cash and other liquid assets.

Verification

We interviewed Tobinworld's management and reviewed the Agency's financial records. We also reviewed the Agency's February 2008 bank reconciliations for two bank accounts.

Results

Tobinworld properly recorded and deposited cash receipts timely. However, Tobinworld did not perform timely bank reconciliations. Specifically, at the time of our review in May 2008, the most recent bank reconciliation completed by the Agency was for February

2008. In addition, Tobinworld's general bank account reconciliation contained the following deficiencies:

- Seventeen checks totaling \$11,848 were outstanding more than one year.
- The general ledger balance exceeded the amount indicated in the Agency's accounting records by \$145,470.

Agency management indicated that the general ledger balance did not reconcile to the Agency's accounting records because the bookkeeper retroactively posted some transactions after the February 2008 reconciliation was completed. We subsequently reviewed the Agency's March 2009 bank reconciliation and noted that the general ledger balance agreed with the reconciliation. However, all seventeen checks remained outstanding.

Recommendations

Tobinworld management:

2. **Perform timely bank reconciliations each month.**
3. **Ensure that reconciling items are resolved timely, follow-up up on the outstanding checks and credit the appropriate funding sources, if necessary.**
4. **Ensure that the book balance on the bank reconciliation reconciles to the general ledger.**

COST ALLOCATION PLAN

Objective

Determine whether Tobinworld's Cost Allocation Plan is prepared in compliance with the County contract and the Agency used the Plan to appropriately allocate shared program expenditures.

Verification

We requested Tobinworld's Cost Allocation Plan, interviewed management and reviewed the Agency's accounting records.

Results

Tobinworld did not maintain a Cost Allocation Plan. In addition, the Agency did not correctly allocate shared program expenditures. Specifically, the Agency over allocated \$2,475 to the DMH program during Fiscal Year (FY) 2006-07.

Subsequent to our review, the Agency prepared a Cost Allocation Plan. The Agency needs to re-allocate their shared program expenditures for FY 2007-08 in accordance with the new plan and repay DMH for any overpaid amounts.

Recommendations

Tobinworld management:

5. **Submit a corrected Cost Report to DMH for FY 2006-07 that excludes the \$2,475 over allocated to DMH.**
6. **Develop a detailed and equitable Cost Allocation Plan and follow the plan to allocate shared program expenditures.**
7. **Re-allocate shared program expenditures for FY 2007-08 in accordance with the new plan and repay DMH for any amounts overpaid.**

EXPENDITURES

Objective

Determine whether program expenditures were allowable under the County contract, properly documented and accurately charged to the DMH program.

Verification

We reviewed financial records and documentation to support eight non-payroll expenditure transactions totaling \$16,816 that the Agency charged to the DMH program between July 2007 and February 2008.

Results

Tobinworld's expenditures were allowable, properly documented and accurately billed.

Recommendation

None.

FIXED ASSETS AND EQUIPMENT

Objective

Determine whether fixed assets depreciation costs charged to DMH was allowable under the County contract, properly documented and accurately billed.

Verification

We interviewed staff and reviewed the Agency's financial records related to fixed assets. In addition, we reviewed a sample of eight fixed assets with depreciation costs of \$2,994 that the Agency charged to the DMH program for the FY 2006-07.

Results

The Agency appropriately calculated total fixed asset and equipment costs. In addition, the Agency adequately safeguarded their fixed assets and equipment. However, as indicated in the Cost Allocation Section of this report, the Agency did not appropriately allocate shared fixed asset and equipment costs to the DMH program.

Recommendation

Refer to Recommendations 5, 6 and 7.

PAYROLL AND PERSONNEL**Objective**

Determine whether payroll expenditures are appropriately charged to the program.

Verification

We traced the payroll expenditures for ten employees totaling \$17,353 to the payroll records and time reports for bi-monthly pay period ending February 17, 2008. We also reviewed documentation to support the health and dental benefits charged to the DMH program for January 2008. In addition, we reviewed their personnel files and interviewed nine employees.

Results

Tobinworld maintained personnel files as required and the Agency's direct program salaries were appropriately charged to the DMH program. However, the Agency over charged DMH \$1,074 for health and dental benefits in January 2008. Agency management explained that their staff made an error in their calculations.

Recommendations

Tobinworld management:

8. **Submit a corrected Cost Report to DMH for FY 2007-08 that excludes the \$1,074 over reported for health and dental benefits.**

9. Ensure that health and dental benefits charged to the DMH program are appropriately calculated.

COST REPORT

Objective

Determine whether Tobinworld's FY 2006-07 Cost Report reconciled to the Agency's financial records.

Verification

We traced the Agency's FY 2006-07 Cost Report to the Agency's general ledger.

Results

The total Agency expenditures listed on Tobinworld's Cost Report reconciled to the Agency's general ledger.

Recommendation

None.

Tobinworld

A behavioral education and treatment program for children and young adults....

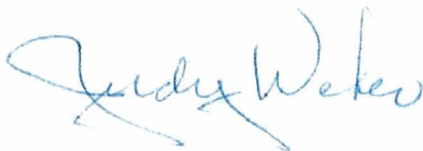
June 11, 2009

WENDY L. WATANABE
AUDITOR-CONTROLLER
COUNTY OF LOS ANGELES
500 WEST TEMPLE STREET, ROOM 525
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Dear Ms. Watanabe,

In regards to the results of the Auditor-Controller's review of Tobinworld, Tobinworld agrees with the findings and recommendations in the report. Tobinworld will provide LA County DMH and your office with a formal corrective action plan within 30 days from the issuance of your office's report, as required by the DMH contract.

Sincerely,



Judy Weber
Executive Director